



Managing workforce reductions

Industrial conglomerate

Situation

350 employees impacted

Challenge

Reduce costs and preserve cash

Solution

SUB-Pay Plan

Results

30% savings

“The SUB-Pay Plan has paid for itself many times over. We love that this program delivers savings ongoing, and that the plan is available for us to use at any time in the future.”

— Global Head of HR Operations

Multi-state, fortune 500 financial services company

Situation

100 – 200 employees impacted annually

Challenge

Needed a flexible solution, responsive to market conditions

Solution

SUB-Pay Plan

Results

27% severance cost savings and 95% reduction in HR administration

Streamline the severance process and realize cost savings

An industrial conglomerate with over 11,000 employees planned to acquire several midsize competitors, eliminating approximately 350 jobs. With an expected severance expense of over \$7.6M, the company needed to preserve cash and act quickly.

We proposed using a Supplemental Unemployment Benefit (SUB-Pay) Plan that provides benefits on a periodic pay cycle basis and exempts the company and plan participants from payroll taxes. In addition, the company elected to supplement SUB-Pay benefits with state unemployment benefits, lowering costs further while still providing displaced employees with up to 100% of their pre-displacement level pay.

The SUB-Pay Plan was implemented within 30 days with total savings of approximately \$2.3M, or 30% of severance expense. Our team handled the set up and administration of the plan, allowing company executives to concentrate resources on other business priorities. In addition, we provided displaced employees with white glove personal care and support with filing for state unemployment benefits, as well as a resource to help answer questions about the SUB-Pay Plan.

Turn-key severance solution helps ease the administrative burden on HR teams

Changes in operations, frequent acquisitions, and internal reorganizations led to an annual displacement of between 100 – 200 employees each year. Under the traditional severance plan, displaced employees received a lump sum payout upon termination based on salary and tenure.

Working together, we established a SUB-Pay Plan that could be easily leveraged on an as-needed basis for displaced employees. The SUB-Pay Plan significantly reduced annual severance costs, improved administrative operations, and enhanced employee benefits. Our team also managed all aspects of the implementation, which significantly reduced the administrative burden on the client's HR, IT, legal, and payroll teams.

Following the one-time implementation, the SUB-Pay Plan is ready to be used by the employer as needed. Under the Plan, the client sends an employee data file whenever there are new displacements and our team handles the rest, including employee communications, plan compliance, reporting and follow-up with displaced employees. Displaced employees are offered a customized portal and dedicated client support services center to help with questions about the SUB-Pay Plan, as well as state unemployment benefits.

Talk to us

For more information about how a SUB-Pay Plan can benefit your business, contact us at **1 866 355 6647** or **talktous@buck.com**.

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